

RUDEN  
McCLOSKEY  
SMITH  
SCHUSTER &  
RUSSELL, P.A.  
ATTORNEYS AT LAW

215 SOUTH MONROE STREET  
SUITE 815  
TALLAHASSEE, FLORIDA 32301

(850) 681-9027  
FAX: (850) 224-2032  
KGC@RUDEN.COM

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October 11, 2000

Blanca S. Bayo, Director  
Division of Records & Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Betty Easley Building, Room 110  
Tallahassee, FL 32399-0850

Via Hand Delivery

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RECORDS AND  
REPORTING

Re: Docket No. 980876-WS  
Application for certificate to operate a water and wastewater utility in Marion  
County by Ocala Springs Utilities Inc.

Dear Ms. Bayo:

Enclosed on behalf of Ocala Springs Utilities Inc. is an original and fifteen (15) copies of  
its Supplemental Response of Ocala Springs Utilities Inc., to Staff's First Data Request and  
Amended Request for Extension of Time.

Please acknowledge receipt of the foregoing by stamping the enclosed extra copy of this  
letter and returning same to my attention.

Sincerely,

RUDEN, McCLOSKEY, SMITH,  
SCHUSTER & RUSSELL, P.A.

*Kathryn G.W. Cowdery*  
Kathryn G.W. Cowdery  
Attorney

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KGC/ldv  
2 Enclosures

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DOCUMENT NUMBER-DATE

12981 OCT 11 8

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

|                               |   |                         |
|-------------------------------|---|-------------------------|
| In re: Application for        | ) |                         |
| certificates to operate a     | ) | Docket No. 980876-WS    |
| water and wastewater utility  | ) |                         |
| in Marion County by Ocala     | ) | Filed: October 11, 2000 |
| <u>Springs Utilities Inc.</u> | ) |                         |

SUPPLEMENTAL RESPONSE OF OCALA SPRINGS UTILITIES INC.,  
TO STAFF'S FIRST DATA REQUEST  
AND AMENDED REQUEST FOR EXTENSION OF TIME

Ocala Springs Utilities Inc. ("OSUI"), by and through its undersigned attorneys, in response to Staff's request for additional information regarding the construction delay for the OSUI water and wastewater plants, pursuant to telephonic conference held on September 27, 2000, hereby files this supplemental response to Staff's First Data Request dated August 10, 2000, and amends its request for extension of time from 12 months to 14 months.

1. At the time that OSUI applied for certification from the Public Service Commission, the planning and permitting of the Ocala Springs active adult community development in Marion County were imminent, and development was intended to commence within two years. Certification by the PSC was sought in order to provide OSUI and Avatar Properties Inc. ("API"), its affiliated developer, with the reasonable assurances required to effectively plan and coordinate the development of Ocala Springs

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and the utility infrastructure necessary to provide water and wastewater service in an efficient and cost-effective manner.

2. In 1998, API became aware that the Marion County Board of County Commissioners ("the Board") was seriously considering the location of a landfill within one mile of the Ocala Springs project with such landfill possibly being constructed and put into operation in the near future. API was concerned that the placement of a landfill so near the proposed Ocala Springs project and the anticipated active adult community development thereon would have material and adverse negative impacts to the point of Ocala Springs possibly not being an economically viable community development project for API. API actively lobbied, through consultants, engineers, environmental groups and the like, with the Board to relocate the planned landfill to another site in Marion County. The topic of where a possible landfill site could be located in Marion County was discussed at numerous public hearings and ultimately the Board made a decision not to locate a landfill at the site proposed near the Ocala Springs Project. The decision by the Board not to place the landfill near the Ocala Springs site took substantially longer than anticipated by API and because of the potential negative ramifications associated therewith, API had no alternative but to place on hold its plans for a proposed active adult community development at the Ocala Springs site. During the aforesaid

timeframe, API did proceed with another active adult project known as "Solivita" in Polk County, Florida.

3. The Solivita Project is part of the 47,000 acre master planned project known as "Poinciana." Water and wastewater service are provided to Poinciana by the Florida Governmental Utility Authority, a legal entity and public body organized and existing under the laws of the State of Florida as a nonregulated governmental utility. To date, API has put approximately \$80 million in construction, infrastructure, planning, designing, etc. in the approximate 3,000 acres which encompass Solivita. Sales and marketing operations basically commenced in August of this year with the peak sales season being from December through April of 2001. After the peak season has been completed, API will be in a position to make certain determinations regarding the success of the active adult community concept for the Central Florida market. This determination is essential in the decision making as to whether the Ocala Springs project will be an active adult community or of a more traditional residential community concept. It is the position of API that the active adult community concept will be successful and API does not have any reason to believe at this time that same will not be applicable to the Ocala Springs site. In either case, API intends to start planning and development of

the Ocala Springs property in 2001 with OSUI being the water and wastewater service provider therefor.

4. There is no water and wastewater utility service available to the Ocala Springs proposed development except by OSUI.

5. The continued certification of OSUI as service provider for the Ocala Springs property remains important to the orderly development, and regulatory and permitting process.

6. Anticipated time line for OSUI permitting and construction:

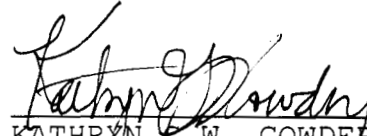
|   |                |
|---|----------------|
| Final decision as to type of development (active adult vs. traditional residential)   | April/May 2001 |
| Commencement of replanning and replatting of development with Marion County           | June 2001      |
| Major advertising effort begins for the Ocala Springs development                     | December 2001  |
| Consumptive use permit application submitted to Water Management District             | December 2001  |
| Construction permit application for water and wastewater facilities submitted to DEP  | December 2001  |
| Submit to PSC copies of detailed system maps and evidence of ownership of plant sites | February 2002  |
| File with PSC application to establish initial water and wastewater rates             | February 2002  |
| Construction to begin on water and wastewater facilities                              | May 2002       |

WHEREFORE, OSUI, respectfully requests that the Commission grant it:

1. A 14 month extension of time in which to file the information required by Order Nos. PSC-98-1374-PCO-WS and PSC-98-1644-FOF-WS, as set forth therein, that is, until February 7, 2001, and

2. Such other relief as is appropriate.

Respectfully submitted this 11th day of October 2000.

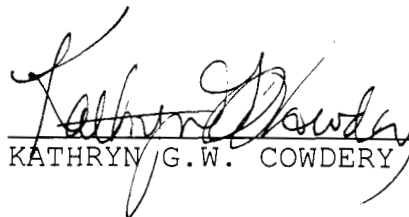


KATHRYN G.W. COWDERY  
Fla. Bar No. 0363995  
Ruden, McClosky, Smith,  
Schuster & Russell, P.A.  
215 S. Monroe St., Suite 815  
Tallahassee, FL 32301  
(850) 681-9027

Attorneys for Ocala Springs  
Utilities Inc.

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing Supplemental Response of Ocala Springs Utilities Inc. to Staff's First Data Request has been furnished this 11th day of October 2000, by hand delivery to Samantha Cibula, Division of Legal Services, Gunter Building, Room 370C, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850.



KATHRYN G.W. COWDERY